

## PRESS RELEASE

### The AIFC has enacted new rules for investment- and loan-based crowdfunding

*Nur-Sultan, Kazakhstan*

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On 24<sup>th</sup> June 2019 the Astana Financial Services Authority (the “AFSA”), a financial regulator of the Astana International Financial Centre (the “AIFC”), with the support of European Bank for Reconstruction and Development developed and introduced regulatory framework for loan- and investment-based crowdfunding platforms, the first such framework in the region.

Crowdfunding is an innovative funding opportunity that allows small and medium enterprises and start-ups to obtain capital through small loans and equity investments from large numbers of investors through an internet-based platform.

Crowdfunding represents an increasingly important alternative non-bank funding sources that will play an important role in economic growth of Kazakhstan and wider region.

This new framework is one of AFSA's ongoing commitment to promote innovation in the financial sector consistent with the latest industry developments and best practices of leading financial centres, while safeguarding investor protection and market integrity.

*Assylbek Davletov, Chief FinTech Officer of the AFSA, commented:  
“SMEs have proved to be important contributor to national prosperity, economic growth and employment. And crowdfunding can become a viable vehicle for bolstering financing options for SMEs and start-ups. By creating this framework AIFC marks another step towards building a vibrant entrepreneurial ecosystem in the region”.*

The AFSA is proposing a flexible and risk-oriented regulatory framework aiming to effectively protect investors and clients of the crowdfunding platform. The proposed features of the regulatory framework include the following: (1) two new Market Activities of Operating a Loan-based Crowdfunding Platform and Operating an Equity-based Crowdfunding Platform; and (2) establishment of prudential and conduct standards for operators of crowdfunding platforms including requirements on anti-money laundering and counter financing terrorist financing, fundraising limits, appropriate systems and controls, risk disclosure, conflict of interest and due diligence of firms using crowdfunding services.

For more details on the AIFC Crowdfunding Framework please click on this [link](#).

#### **Reference:**

*The Astana International Financial Centre (AIFC) was established by the initiative of the First President of Kazakhstan Nursultan Nazarbayev and operates as per the Constitutional Law “On the Astana International Financial Centre” dated December 2015. The AIFC aims at attracting investment into the Kazakh economy through the establishment of an attractive and*

*business friendly environment for financial services and capital markets, including securities, insurance, banking and Islamic finance in the Republic of Kazakhstan.*

[www.aifc.kz](http://www.aifc.kz)

***The Astana Financial Services Authority (AFSA)** is the independent regulator of the Astana International Financial Centre, a legal entity and statutory body of the Republic of Kazakhstan, which is established in accordance with the Constitutional Law of the Republic of Kazakhstan “On the Astana International Financial Centre” for the purposes of regulating activities related to financial services in the AIFC. The AIFC Regulations and Rules provide for the authorization, registration, recognition and supervision of financial firms and market institutions.*

[www.afsa.kz](http://www.afsa.kz)

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